

# FY25 Annual Comprehensive Financial Report

March 17, 2026



Blu Kostelich – Assistant City Manager & Chief Financial Officer  
Collin Boothe – Managing Director of Finance  
Jennifer Ripka – Partner, Audit, Weaver



# City of Waco, Texas

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Communication with City Council

For the Year Ended September 30, 2025

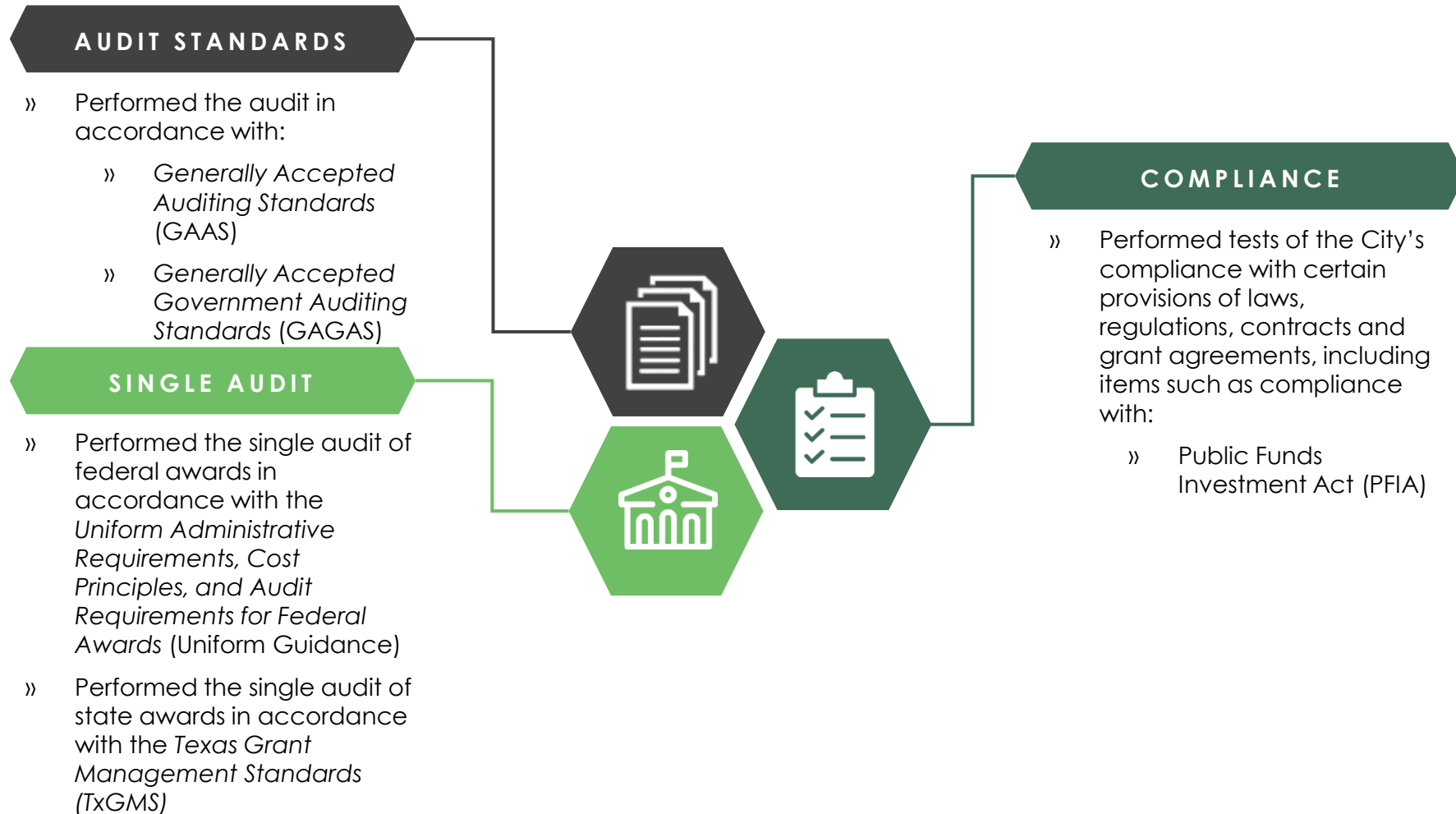
# Today's Presenters

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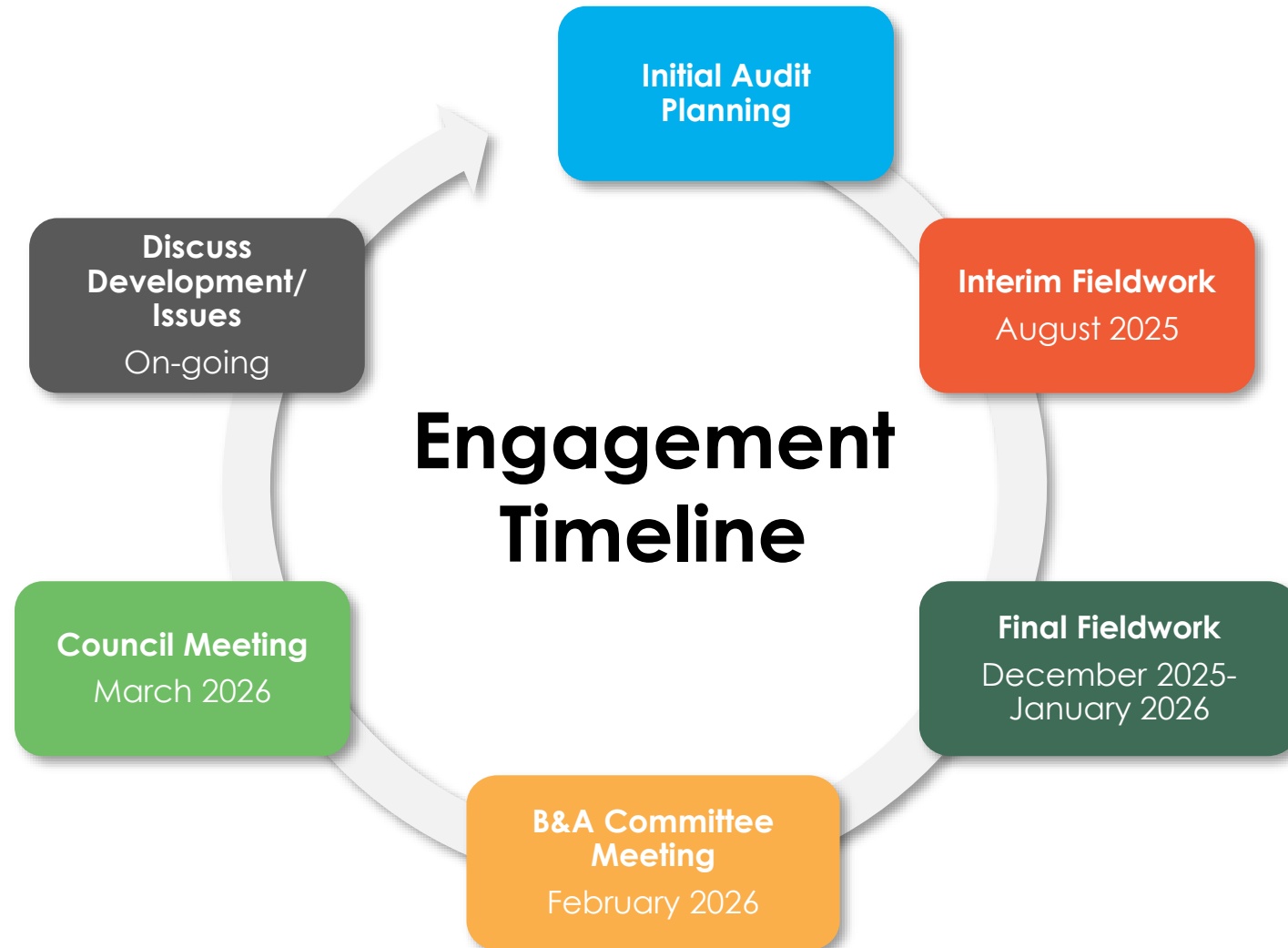
**Jennifer Ripka, CPA**  
***Partner-in-Charge, Public Sector***

- ▶ Your relationship partner
- ▶ 19 years of experience
- ▶ Practice emphasis in auditing and consulting for governmental entities across the state of Texas
- ▶ Member, Government Finance Officers Association (GFOA) and GFOA Special Review Committee
- ▶ Member, American Institute of Certified Public Accountants (AICPA)
- ▶ Member, Texas Society of Certified Public Accountants (TXCPA)
- ▶ Currently sits on the Firm's national Learning and Development Committee, Data Transformation and Automation Advisory Board, Internal Inspection Team, and the Empowering Growth Committee

# Audit Process



# Audit Timeline



# Overview

## SIGNIFICANT CHANGES TO OUR PLANNED AUDIT STRATEGY

- » There were no changes to our planned audit approach from those communicated to the City.
- » There were no changes to our significant risks identified.
  - » Significant Risks include:
    - » Improper revenue recognition

## RESULTS OF WORK PERFORMED

- » During the course of our audit, we identified no uncorrected misstatements.
- » There are no identified significant deficiencies or material weaknesses.
- » There are no independence matters to report.

## OUR AUDIT REPORTS

- » We issued our unmodified audit report on the financial statements.
- » We issued our unmodified audit report on compliance for each major federal program and on Internal Control Over Compliance in Accordance with Uniform Guidance and TxGMS.

## OTHER MATTERS



- » As of the date of these communications, there are no items outstanding requiring the governing body's attention.

# Significant Risks

The following significant risks were identified during the performance of our risk assessment procedures:

SIGNIFICANT RISK IDENTIFIED	RELATED ASSERTIONS	RESULTS OF WORK PERFORMED
Management Override of Controls <i>(Note: This is a presumed risk on all audit engagements.)</i>	Pervasive	Journal entry testing, incorporating elements of unpredictability into testing, and the review of significant estimates for bias. No audit findings noted.
Risk of Fraud in Revenue Recognition – <ul style="list-style-type: none"><li>• Charges for Services [Water and Sewer]</li><li>• Grants [Federal and State]</li></ul>	Accuracy, Cutoff, Existence/ Occurrence	Detailed transaction testing of items that are individually immaterial. No audit findings noted.

# Required Communications



 <b>REQUIRED COMMUNICATIONS</b>	 <b>COMMENTS</b>
<p><b><i>Significant Accounting Policies</i></b></p>	<p>A summary of the significant accounting policies adopted by City is included in Note I to the financial statements.</p> <p>There have been no changes in significant accounting policies but the City did implement GASB Statement 101 which had no material financial statement impact on the City.</p> <p>No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p>
<p><b><i>Significant Accounting Estimates</i></b></p>	<p>The most sensitive accounting estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> <li>• <i>Incurred But Not reported (IBNR) liabilities</i></li> <li>• <i>Pension and OPEB liabilities and expenses, related deferred balances</i></li> </ul> <p>We evaluated the key factors and assumptions used to develop the accounting estimates and determined that each is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.</p>

# Implementation of New Standards

## **GASB Statement 101** Compensated Absences

- Effective for fiscal year 2025
- The primary objective of this Statement is to provide a unified, consistent model for state and local governments to account for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

# Required Communications

 REQUIRED COMMUNICATIONS	 COMMENTS
<b><i>Significant Unusual Transactions</i></b>	No significant unusual transactions were identified during the course of the audit.
<b><i>Identified or Suspected Fraud</i></b>	No identified or suspected fraud noted.
<b><i>Significant Difficulties Encountered during the Audit</i></b>	We encountered no significant difficulties in dealing with management relating to the performance of the audit.
<b><i>Disagreements with Management</i></b>	No such disagreements arose during the course of the audit.
<b><i>Representations Requested from Management</i></b>	We received certain written representations from management in the form of a letter addressed to Weaver and Tidwell, L.L.P.

# Required Communications

 REQUIRED COMMUNICATIONS	 COMMENTS
<i>Management's Consultations with Other Accountant's</i>	Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.
<i>Other Significant Matters, Findings, or Issues</i>	We encountered no other matters that require communication at this time.



**Jennifer Ripka, CPA**

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